

Message Text

CONFIDENTIAL

PAGE 01 KHARTO 01029 081250Z
ACTION EB-08

INFO OCT-01 AF-10 NEA-10 ISO-00 AID-05 CIAE-00 COME-00
FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 IO-13 SS-15
PA-01 /095 W

-----016444 081257Z /23

P R 081104Z MAR 78
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC PRIORITY 6742
INFO AMEMBASSY CAIRO
AMEMBASSY JIDDA PRIORITY
AMEMBASSY KUWAIT
AMEMBASSY ABU DHABI

C O N F I D E N T I A L KHARTOUM 1029

E.O. 11652: GDS
TAGS: EFIN, ECON, EAID, SU
SUBJECT: BALANCE OF PAYMENTS: IMF PROGRAM AND DISCUSSIONS WITH
SAUDI ARABIA

REF: (A) 77 KHARTOUM 4417 (B) KHARTOUM 161

1. WITH SOME TREPIDATION BECAUSE OF USE OF SECOND AND
THIRD HAND SOURCES AND TENDENCY OF SUDANESE TO EXAGGERATE
POSITIVE DEVELOPMENTS, WE OFFER THE FOLLOWING ACCOUNT OF
THE STATUS OF SUDAN'S DISCUSSIONS OF ITS BALANCE OF PAY-
MENTS PROBLEM WITH IMF AND SAUDI ARABIA.

2. WE ARE REASONABLY SURE THAT MINISTER OF STATE FOR
FINANCE AND NATIONAL ECONOMY OSMAN HASHIM RETURNED FROM
U.S. LATE IN JANUARY WITH LETTER OF INTENT FOR SUDAN TO
SIGN FOR REFORM PROGRAM WHICH INCLUDED DEVALUATION.
BANK OF SUDAN OFFICIALS REVIEWED IMF LETTER AND CONCLUDED
THAT THEY HAD NO ALTERNATIVE BUT TO SIGN ALTHOUGH THEY
HAD RESERVATIONS ABOUT DEVALUATION. AT THIS POINT ISSUE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KHARTO 01029 081250Z

WAS PASSED TO PRESIDENT NIMEIRI.

3. NIMEIRI, REPORTEDLY, STRONGLY OBJECTED TO DEVALUATION
AND DECIDED TO SEEK ALTERNATIVES. WE IMAGINE THAT HIS
OBJECTIONS TO DEVALUATION WERE MORE POLITICAL THAN
TECHNICAL. HE PROBABLY BELIEVES DEVALUATION OF SUDANESE
POUND WILL BE SEEN BY HIS CRITICS AND OTHER ARABS AS

INDICATION OF FAILURE OF HIS DEVELOPMENT POLICY AND USED AGAINST HIM. SUDAN'S ECONOMIC DEVELOPMENT INDISPUTABLY IS THE THEME HE MOST OFTEN ADVANCES TO ENHANCE HIS DOMESTIC SUPPORT. IN THIS CONTEXT, NIMEIRI'S PROBLEMS WITH DEVALUATION ARE UNDERSTANDABLE.

4. NIMEIRI'S ONLY RECOURSE WAS AN APPEAL TO SAUDI ARABIA. ACCORDING TO ONE ACCOUNT, BALANCE OF PAYMENTS SUPPORT WAS TOP ITEM ON AGENDA NIMEIRI CARRIED TO RIYADH FOR HIS VISIT FEBRUARY 21-22. NIMEIRI REVIEWED IMF LETTER WITH SAUDIS AND WAS ABLE TO CONVINCE THEM THAT DEVALUATION WAS UNWISE. SAUDIS AGREED TO GIVE SUDAN BALANCE OF PAYMENTS SUPPORT THROUGH 1979 (FORM UNSPECIFIED). TENTATIVELY, THEY AGREED ON SUPPORT LEVEL OF \$950 MIL-LION IN THIS TIME FRAME. (COMMENT: THIS FIGURE IS ABOUT DOUBLE AMOUNT OF BALANCE OF PAYMENTS ASSISTANCE FOR WHICH SUDAN COULD MAKE CASE. MORE REALISTACALLY SUCH A FIGURE MIGHT INCLUDE PROJECT ASSISTANCE AND MILITARY EQUIPMENT PURCHASES. END COMMENT). SAUDIS APPARENTLY CONDITIONED THEIR SUPPORT UPON SUDAN'S ACCEPTANCE OF MOST OF CONDITIONS IN IMF PROGRAM EXCLUDING DEVALUATION. IN ADDITION, SAUDIS RECEIVED COMMITMENT THAT SUDAN WOULD NOT LAUNCH ANY MAJOR NEW DEVELOPMENT PROJECTS WHICH WERE NOT EXTERNALLY FINANCED.

5. TECHNICAL DISCUSSIONS ARE EXPECTED TO CONTINUE IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KHARTO 01029 081250Z

NEXT FEW DAYS WITH VISIT OF BANK OF SUDAN GOVERNOR TO SAUDI ARABIA. HE HAS BEEN ASKED TO ITEMIZE ALL SUDANESE FOREIGN EXCHANGE OBLIGATIONS THROUGH 1979.

6. COMMENT: WE ARE NOT SURE THAT ABOVE ACCOUNT IS PLAUSIBLE EITHER IN AMOUNT OF ASSISTANCE OR MANNER OFFERED. WE HAVE HAD NO PREVIOUS INDICATIONS THAT SAUDIS WERE PREPARED TO MAKE EXPLICIT MULTIYEAR COMMITMENT TO SUPPORT SUDAN'S BALANCE OF PAYMENTS. WE HAD EXPECTED THAT SAUDIS ROUGHLY EVERY YEAR WOULD PROVIDE 150-200 MIL-LION IN BOP SUPPORT DIRECTLY OR INDIRECTLY IN AD HOC FASHION. IN SHORT, THIS ACCOUNT APPEARS TO BE TOO GOOD TO BE TRUE. WE WILL BE WATCHING CLOSELY FOR ANY CONFIRMATION.
BERGUS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KHARTO01029
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780104-0280
Format: TEL
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780394/aaaadbfs.tel
Line Count: 109
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6ccb97cb-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 KHARTOUM 4417, 78 KHARTOUM 161
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3407052
Secure: OPEN
Status: NATIVE
Subject: BALANCE OF PAYMENTS: IMF PROGRAM AND DISCUSSIONS WITH SAUDI ARABIA
TAGS: EFIN, ECON, EAID, SU, IMF
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/6ccb97cb-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014